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VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

TROF COMMITTEE MEETING

Monday, January 7, 2020

9:30 a.m.

Homewood Suites
Richmond, Virginia

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APPEARANCES:

- The Honorable Terry G. Kilgore, Chairman
- The Honorable Frank M. Ruff, Vice-Chairman
- The Honorable Daniel W. Marshall, III

COMMISSION STAFF:

- Mr. Evan Feinman, Executive Director
- Mr. Andy Sorrell, Deputy Director
- Mr. Timothy S. Pfohl, Grants Program Administration
Director
- Ms. Stephanie S. Kim, Director of Finance
- Ms. Sarah K. Capps, Grants Program Administrator,
Southside Virginia
- Ms. Michele Faircloth, Grants Assistant,
Southside Virginia
- Ms. Sara G. Williams, Grants Program Administrator,
Southwest Virginia
- Ms. Jessica Stamper, Grants Assistant,
Southwest Virginia
- Ms. Stacey Richardson, Administration Supervisor
- Ms. Suzzette M. Patterson, Grants System Manger
- Mr. David Bringman, Database and Performance
Metrics Manager

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COUNSEL FOR THE COMMISSION:
Ms. Elizabeth B. Myers, Assistant Attorney General
Richmond, Virginia 23219

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CHAIRMAN KILGORE: I'm going to call the TROF meeting to order. I guess you can call the roll, but we're all here.

MR. FEINMAN: I'm familiar with it, but Delegate Kilgore?

CHAIRMAN KILGORE: Here.

MR. FEINMAN: Delegate Marshall?

MR. MARSHALL: Here.

MR. FEINMAN: Senator Ruff?

MR. RUFF: Here.

MR. FEINMAN: Perfect attendance, Mr. Chairman. You all have some minutes.

CHAIRMAN KILGORE: Do we have a motion we approve the minutes --

MR. MARSHALL: So moved.

MR. RUFF: So moved.

CHAIRMAN KILGORE: -- from 10/9?

All those in favor say aye. (Ayes).
Opposed? (No response).

That motion carries.

The next thing on the agenda is the

1 TROF Formula discussion.

2 Evan.

3 MR. FEINMAN: Yes, sir, Mr.
4 Chairman. We -- you all have seen it before, you
5 may see it again, but I actually really want to
6 commend David, who worked really hard on creating
7 an update to the TROF Formula. I believe this will
8 give us the ability to really very swiftly give
9 TROF estimates on the spot. And that said, as much
10 as we love our friends in the Economic Development
11 Community, it is pretty darn important that they
12 not see the formula.

13 And so what we would like to do is
14 go into executive session before we brief you on
15 the formula, so as to save them from their -- from
16 their less than good intentions and make sure that
17 we're always getting the straight shot on what
18 projects they're bringing before us.

19 MR. KILGORE: Danny, do you have a
20 motion?

21 MR. MARSHALL: I do have a motion.
22 I move that we go into a closed meeting, in
23 accordance with the Virginia Freedom of Information
24 Act. The purpose of this closed session is for the
25 discussion of the investment of public funds where

1 competition or bargain is involved and were it made
2 public, the financial interest of the Commission
3 would be adversely affected.

4 The subject of this closed session
5 is for the discussion of the ratification of the
6 TROF Incentive estimate. The applicable exemption
7 from open meeting requirements on the Freedom of
8 Information Act is 2.2-3711A6.

9 CHAIRMAN KILGORE: Do I have a
10 second?

11 MR. RUFF: Second.

12 CHAIRMAN KILGORE: And does your
13 motion, Danny, would allow members and staff of the
14 Commission to -- other members of the Commission
15 and staff of the Commission to stay in the room, is
16 that correct?

17 MR. MARSHALL: Yes, everybody except
18 Bill Stanley.

19 MR. FEINMAN: Ma'am, you also need
20 to depart.

21 CHAIRMAN KILGORE: All those in
22 favor say aye. (Ayes).

23 Okay. That motion carries. We're
24 in executive session.

25

1 NOTE: At this time, the
2 executive session is had; whereupon,
3 the proceeding continues, as
4 follows:

5
6 MR. MARSHALL: I move that we vote,
7 on the record, our certification that to the best
8 of each member's knowledge, only public business
9 matters lawfully exempted from open meeting
10 requirements under this chapter and only such
11 public business matters as were identified in the
12 motion by which the closed meeting was convened
13 were heard, discussed or considered in closed
14 meeting.

15 A recorded roll call vote is
16 required.

17 MR. FEINMAN: Delegate Kilgore?

18 CHAIRMAN KILGORE: Yes.

19 MR. FEINMAN: Delegate Marshall?

20 MR. MARSHALL: Yes.

21 MR. FEINMAN: Senator Ruff?

22 MR. RUFF: Yes.

23 CHAIRMAN KILGORE: All right. Next?

24 MR. FEINMAN: By the way, that
25 motion was a result of that action.

1 CHAIRMAN KILGORE: Oh, yes.

2 MR. RUFF: I move -- Mr. Chairman, I
3 move that the Commission accept the TROF
4 Committee's recommendation to amend the Tobacco
5 Region Opportunity Fund formula, placing the
6 current formula-based incentive estimator with a
7 tier-based estimator as discussed by staff.

8 MR. MARSHALL: Second.

9 CHAIRMAN KILGORE: Any discussion?

10 All those in favor of that motion
11 say aye. (Ayes). Opposed? (No response).

12 That motion carries.

13 Now, this is -- folks, we're going
14 to have to go back into another executive session.

15 MR. FEINMAN: We're going to be
16 doing this a lot, so.

17 CHAIRMAN KILGORE: I apologize.

18 MR. MARSHALL: All right. I move
19 that we go into closed meeting, in accordance with
20 the Freedom of Information Act. The purpose of
21 this closed discussion is a discussion concerning
22 prospective business for industries where previous
23 announcement has been made of the business interest
24 and locality and this facility site in the
25 community. The closed session is in discussion of

1 project grid. The applicable exemption for meeting
2 the requirements as under 2.2-3711.

3

4 NOTE: At this time, the
5 executive session is had; whereupon,
6 the proceeding continues, as
7 follows:

8

9 MR. MARSHALL: I move that we vote
10 on and record our certification that to the best of
11 each member's knowledge, only public business
12 matters lawfully exempted from open meeting
13 requirements under this chapter and only such
14 public business matters as were identified in the
15 motion by which the closed meeting was convened
16 were heard, discussed or considered in the closed
17 meeting.

18 A recorded roll call vote is
19 required.

20 MR. FEINMAN: Delegate Kilgore?

21 CHAIRMAN KILGORE: Yes.

22 MR. FEINMAN: Delegate Marshall?

23 MR. MARSHALL: Yes.

24 MR. FEINMAN: Senator Ruff.

25 MR. RUFF: Yes.

1 CHAIRMAN KILGORE: All right. That
2 motion carries.

3 Next?

4 MR. FEINMAN: We have to go into
5 executive session for Project Jonah.

6 MR. MARSHALL: All right.

7 CHAIRMAN KILGORE: And the Tazewell
8 County folks, the Tazewell County representative
9 may be -- does he need to be here?

10 MR. FEINMAN: There is a
11 representative, La-La. She's a shorthaired lady
12 outside.

13 A SPEAKER: And the County
14 Administrator is here.

15 CHAIRMAN KILGORE: I saw him.

16 MR. MARSHALL: I move that we go
17 into closed meeting in accordance with the Virginia
18 Freedom of Information Act. The purpose of this
19 closed session is to discuss confidential
20 information submitted as part of the grant
21 application contained in the financial information
22 set aside. The (inaudible) record for disclosure
23 would be harmful to defend the position of the
24 applicant. The subject of this closed session is
25 to discuss specifically Project Jonah, under 2889.

1 The applicable exception from the open meeting
2 requirements under the Freedom of Information Act
3 is 2.2-3711A43.

4 A recorded vote is required.

5 CHAIRMAN KILGORE: All those in
6 favor say aye. (Ayes).

7

8 NOTE: At this time, the
9 executive session is had; whereupon,
10 the proceeding continues, as
11 follows:

12

13 MR. MARSHALL: I move that we vote
14 on and record our certification that to the best of
15 each member's knowledge, only public business
16 matters lawfully exempted from open meeting
17 requirements under this chapter and only such
18 public business matters as were identified in the
19 motion by which the closed meeting was convened
20 were heard, discussed or considered in the closed
21 meeting.

22 A recorded roll call vote is
23 required.

24 MR. FEINMAN: Delegate Kilgore?

25 CHAIRMAN KILGORE: Aye.

1 MR. FEINMAN: Delegate Marshall?

2 MR. MARSHALL: Aye.

3 MR. FEINMAN: Senator Ruff?

4 MR. RUFF: Aye.

5 MR. FEINMAN: We have a motion for
6 you all.

7 CHAIRMAN KILGORE: We have a motion
8 that Senator Ruff is going to read.

9 MR. RUFF: We invited the people to
10 come in?

11 CHAIRMAN KILGORE: Yeah, we invited
12 the people to come in.

13 MR. RUFF: All right. Mr. Chairman,
14 I move that the Commission accept the TROF
15 Committee's recommendation for Project Jonah,
16 Number 2889, granting an extension of 90 days,
17 conditioned upon the following.

18 A. At the conclusion of the
19 extension date, project beneficiary shall have
20 completed the purchase of the second project site
21 in Tazewell County.

22 B. After demonstrating the property
23 has been purchased, the County, the beneficiary and
24 the Commission shall consider and mutually agree
25 upon revisions to the current performance agreement

1 dated September 17, 2015, that align current with
2 current project parameters.

3 C. If the beneficiary is unable to
4 complete the purchase of the property at the end of
5 the extension date, no further extension shall be
6 provided and the Commission shall execute the
7 clawback provision as outlined in the Performance
8 Agreement for TROF, Number 2889.

9 MR. MARSHALL: Second.

10 CHAIRMAN KILGORE: All right. Any
11 discussion?

12 All those in favor of that motion
13 say aye. (Ayes). Opposed. (No response).

14 That motion carries. Thank you.

15 Next?

16 MR. MARSHALL: I move that we go
17 into closed meeting in accordance with the Virginia
18 Freedom of Information Act. The purpose of this
19 closed session is for the discussion of the
20 investment of public funds where competition or
21 bargain is involved and were it made public the
22 financial interest of the Commission would be
23 adversely affected. The subject of this closed
24 session is discussion of Project Power. The
25 applicable exception from open meeting requirements

1 under Freedom of Information Act is 32.2-3711A6.

2 A recorded roll call vote is
3 required.

4 CHAIRMAN KILGORE: Aye. Do we have
5 a second?

6 MR. RUFF: Second.

7
8 NOTE: At this time, the
9 executive session is had; whereupon,
10 the proceeding continues, as
11 follows:

12
13 MR. MARSHALL: I move that we vote
14 on and record our certification that to the best of
15 each member's knowledge, only public business
16 matters lawfully exempted from the open meeting
17 requirements under the chapter, and only such
18 public business matters as were identified in the
19 motion by which the closed meeting was convened
20 were heard, discussed considered in the closed
21 meeting.

22 A recorded roll call vote is
23 required.

24 MR. FEINMAN: Delegate Kilgore?

25 CHAIRMAN KILGORE: Aye.

1 MR. FEINMAN: Delegate Marshall?

2 MR. MARSHALL: Aye.

3 MR. FEINMAN: Senator Ruff?

4 MR. RUFF: Yes.

5 MR. FEINMAN: All right. So at this
6 point I think I could use a motion from you all to
7 authorize the executive director to negotiate and
8 then come back.

9 MR. MARSHALL: So moved.

10 MR. RUFF: Second.

11 CHAIRMAN KILGORE: All those in
12 favor say aye. (Ayes.) Opposed? (No response.)

13 That motion carries.

14 Any other business, any public
15 comment?

16 MR. FEINMAN: We don't have a lot to
17 comment on.

18 All right. Well, that's all the
19 business I have for you, Mr. Chairman.

20 CHAIRMAN KILGORE: Okay. Thank you.

21 MR. SORRELL: We also have an
22 estimate appeal, the TROF Estimate Appeal.

23 MR. FEINMAN: I would have thought
24 that would be public comment.

25 MR. SORRELL: It is. I thought you

1 were ending the --

2 CHAIRMAN KILGORE: Who's that, who's
3 the appeal?

4 MR. SORRELL: Yes, it's in your
5 packet on page -- page 49. And this is on the --
6 here we go. This is for a project that requested a
7 TROF estimate back in March and that estimate
8 basically was higher -- well -- well, that estimate
9 expired and then a second estimate was requested in
10 September and that one was lower. And the
11 applicant would like to -- consideration to utilize
12 the higher estimate that has expired.

13 This is for Ebio Nutritional
14 Sciences, LLC. You might recall they were an R&D
15 recipient and so the reason the estimate was lower
16 in September with -- due to a varying number of
17 factors, but the estimator changing unemployment
18 going down and the average prevailing wage going
19 up. So, that was part of the reasoning for the --
20 for the difference.

21 And you'll see in your packet the
22 information particular to the company and where
23 they're going and the wage and everything that they
24 will be providing. The difference between the
25 estimate provided earlier that had expired that

1 they request to use was a total of about 570,000,
2 TROF grant and loan. And the current estimate was
3 a total of it 220,000. So the difference is about
4 \$350,000 total. So that's why they're here before
5 you today. And the company is here and happy to
6 answer any questions, or provide additional
7 information, as well.

8 MR. SIMMY: Thank you, Andy. I
9 assume -- can I speak, or --

10 MR. FEINMAN: Please identify
11 yourself, for the record.

12 MR. SIMMY: Sure. My name is Carol
13 Simmy. I'm president of the Bio Nutritional
14 Sciences. We have, as Andy had mentioned, we
15 received an R&D grant some time ago from the
16 Commission.

17 Our technology is developing
18 particle based drug delivery technology. And from
19 the original grant we were able to develop our
20 technology and use our application of drug delivery
21 for enhanced delivery of pulmonary delivery, as
22 well as we work on a number of vaccine products
23 where we increase the efficacy of the vaccine by
24 using our technology, as well as we have been able
25 to take very complicated molecules like insulin

1 that currently have to be injected and now have a
2 format where they can be orally delivered.

3 Two years ago we came back to the
4 Commission and asked for a follow-on grant to our
5 original R&D grant to look specifically at using
6 our technology in the food beverage base. Food
7 beverage base is a much bigger delivery market than
8 it is in the pharmaceutical field and basically on
9 the -- what our interest is on the food beverage
10 side, increasing the nutritional value of food and
11 a lot of the technology today is looking at natural
12 products that have better efficacy for food and
13 beverages.

14 The problem with natural based
15 products is they typically have a very difficult
16 organoleptic or taste properties associated with
17 them. So, we decided to look to see if we can take
18 these various difficult molecules and put them into
19 our base technology and enhance the flavor profile
20 of food and beverages. And we've been successful.
21 To do that again, the Commission, or the R&D
22 Committee did approve that grant and we have tried
23 through the interest of many of the major national
24 brands of both the beverage and food industry that
25 want to incorporate our product into their

1 products.

2 So, it's basically the large scale
3 commercialization of our original R&D work that we
4 did in cooperation with the Tobacco Commission.
5 And we had a few starts and stops with these large
6 national brand groups, because we do not have the
7 manufacturing capacity to make their products in
8 the large volume that they need. And, so, as Andy
9 had mentioned, we applied back in March. We
10 weren't ready to go forward at that point and then
11 we again applied in September, once we got our act
12 together.

13 We now have a facility in Southside.
14 We have contractors ready to retrofit the facility
15 and we're ready to order the high volume
16 manufacturing equipment that we need to make these
17 products. We have customers ready to buy the
18 products, once they're able to come to the facility
19 and make sure that they're content that we have a
20 continuous supply of the product. So, we are ready
21 to go.

22 As Andy had mentioned, when we
23 applied originally in March, we had submitted that
24 we were going to hire 38 people at an --

25 CHAIRMAN KILGORE: Okay.

1 MR. SIMMY: -- excess of 60,000 and
2 then in September we increased that number to 61.
3 As Andy said, instead of the award going up it
4 actually went down substantially and so, we would
5 like to --

6 CHAIRMAN KILGORE: All right. Thank
7 you.

8 MR. MARSHALL: Andy, can I ask a
9 question?

10 MR. SORRELL: Yes, sir.

11 MR. MARSHALL: So back in the spring
12 of '19, what was the TROF estimate at that time?

13 MR. SORRELL: Yes, sir. That was --
14 let me grab that.

15 MR. MARSHALL: Can you turn your
16 microphone on?

17 MR. SORRELL: Oh, thank you. All
18 right. That was a TROF -- thank you. That was a
19 TROF estimate of \$285,000 for a grant and \$285,000
20 for a loan, for a total of 570,000.

21 MR. MARSHALL: All right. And then
22 the fall of last year.

23 MR. SORRELL: And the fall was
24 110,000 for a grant, 110,000 for a loan for
25 220,000. So the difference is 350,000 total.

1 MR. MARSHALL: Okay. So, Mr.
2 Chairman, I make a motion.

3 CHAIRMAN KILGORE: Okay.

4 MR. MARSHALL: That we, the TROF, in
5 this project, in the Ebio Project, do a TROF grant
6 of 285,000 and a loan of 285,000.

7 MR. RUFF: Second.

8 CHAIRMAN KILGORE: What would that
9 do, get it up to the --

10 MR. FEINMAN: The original amount.
11 In the alternative --

12 MR. MARSHALL: So I didn't hear a
13 second on that, so --

14 MR. RUFF: No, I seconded it but
15 then executive director made a statement.

16 MR. FEINMAN: I'm just trying out
17 ideas. That's all.

18 MR. MARSHALL: So, let's go back to
19 your idea. Your idea is that we could go back to
20 the fall, which is 110, and then loan the
21 difference up to the five?

22 MR. FEINMAN: We could do that.

23 MR. MARSHALL: All right. Well, you
24 have --

25 MR. RUFF: As a substitution motion,

1 I would make that motion.

2 MR. MARSHALL: So let me -- did you
3 hear that, Carol?

4 MR. SIMMY: I did, yes. Thank you.

5 MR. MARSHALL: So the motion would
6 be 110,000 grant and then the difference is a loan.
7 Okay?

8 So that's a substitute?

9 MR. RUFF: That's a substitute.
10 That would be a second.

11 MR. MARSHALL: Yeah. I haven't done
12 this in a while. So, second.

13 MR. SORRELL: Can we read the motion
14 again, just so I make sure I get it for the record?

15 MR. FEINMAN: To make a grant 110
16 and then a loan up to the balance of the original
17 total amount, Andy, which was 500 what?

18 MR. SORRELL: 570,000.

19 CHAIRMAN KILGORE: I'm not sure I'm
20 going to support this. I know this has to be
21 unanimous, because, I mean, we've given a lot of
22 money to the R&D Project and a grant and I'm just
23 not sure I'm there yet.

24 MR. MARSHALL: Well, Mr. Chairman,
25 if you look at it this way, that to me it's kind of

1 a win/win. I mean, he's getting -- he's getting
2 three fourths of a loaf of bread and not getting it
3 all.

4 CHAIRMAN KILGORE: Okay.

5 MR. MARSHALL: So we're going to
6 actually get the money back. And, you know, we
7 haven't negotiated the interest rate yet.

8 CHAIRMAN KILGORE: Okay. Okay. All
9 right. We have a motion and a second. All those
10 in favor say aye. (Ayes).

11 CHAIRMAN KILGORE: Okay, I'll do it.

12 MR. FEINMAN: Is that an aye?

13 CHAIRMAN KILGORE: That's an aye. I
14 feel like (makes noise), I'll do it. All right.

15 MR. SIMMY: All right. Thank you.

16 CHAIRMAN KILGORE: This is a loan.
17 I wasn't going to do it if it was a grant. I was
18 not going to do it if it was a grant.

19 MR. FEINMAN: I believe that's it,
20 other than public comment.

21 CHAIRMAN KILGORE: Any more public
22 comment?

23 All right. This meeting is
24 adjourned.

25

NOTE: At this time, the
proceeding is concluded.

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CERTIFICATE OF THE COURT REPORTER

I, Jacqueline Barreto, Certified Court Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the Virginia Region Revitalization Commission, TROF Meeting, when held on Tuesday, January 7, 2020, at 9:30 a.m., at the Homewood Suites, Richmond, Virginia.

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings.

Given under my hand this 15th day of January, 2020.

Jacqueline Barreto

Certified Court Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2022